



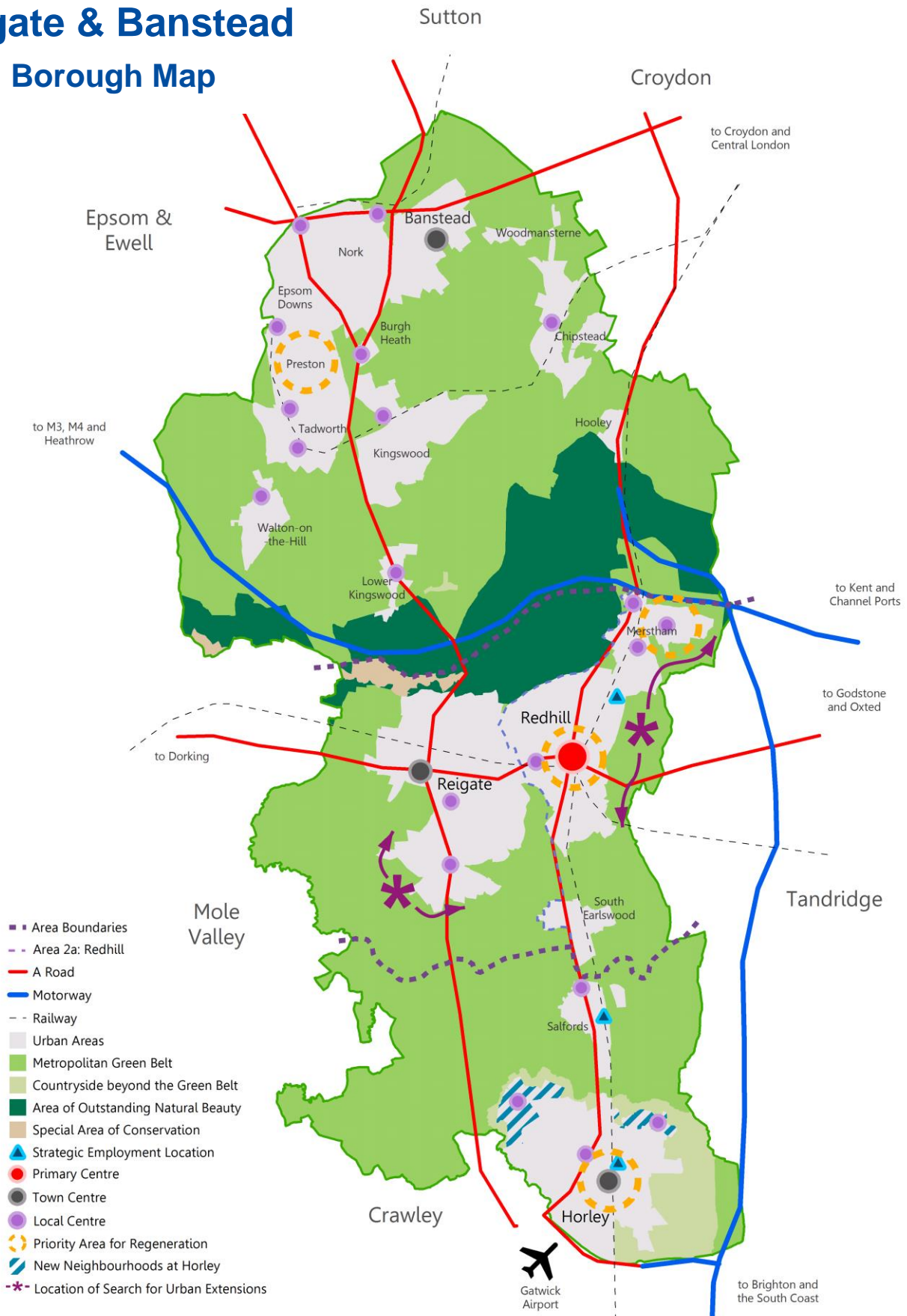
Commercial Commitments Monitor

Position at 31 March 2015

Published April 2015

Reigate & Banstead

Borough Map



Commercial Monitor

End March 2015

Contents

Introduction	4
Overall Trends – Key Messages	5
UK Trends	5
Borough Trends.....	5
Employment & Retail Development	7
Completions.....	7
Extant Developments	8
Development Characteristics	10
Location	10
Previously Developed Land (PDL).....	12
Car Parking Provision	12
Commercial Property Market	14
Overview.....	14
Office	15
Industrial & Distribution.....	16
Retail	16
Appendices	18
Use Classes Order	18

Please Note:

This monitor provides an update of the current amount, type and location of commercial and retail commitments in Reigate & Banstead. While every care has been taken to ensure that the information in this monitor is accurate, the Borough Council accepts no responsibility for any errors or omissions. We would be grateful if our attention was drawn to any inaccuracies so that they may be corrected. Similarly, any suggestions that would make the information more useful would be gratefully received.

Introduction

This monitor provides information on the amount, type and location of commercial commitments and available commercial floorspace in the borough. Its purpose is to:

- Monitor the amount of employment and retail development coming forward in Reigate & Banstead against established targets
- Analyse the characteristics of development against the relevant policies and indicators
- Monitor the amount of employment and retail floorspace available to let across the borough as a barometer of local economic health.

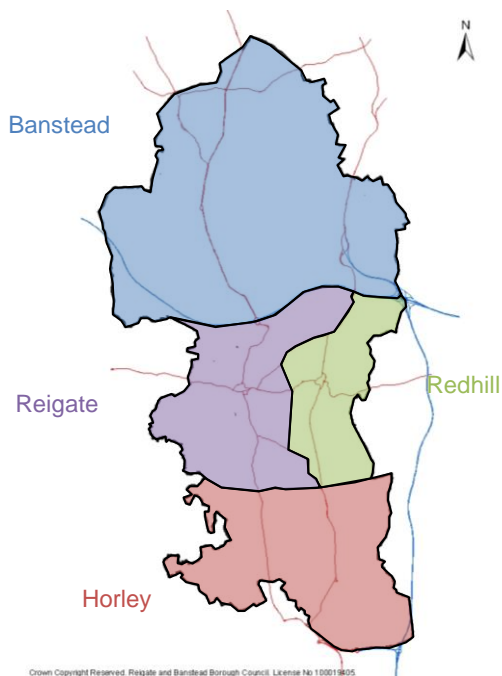
For more detailed analysis of the situation in the borough's main employment and shopping areas, please refer to one of the specific monitor listed at the back of this document.

Future Policy Developments

The Borough Local Plan 2005 is in the process of being replaced by new local planning documents. The Core Strategy detailing growth and subsequently the overall amount of employment and retail development needed over the plan period was formally adopted by the council in July 2014. The Development Management Plan which details specific policies relating to the management of employment and retail development and employment land allocations is currently being prepared.

Spatial Commentary

For the purposes of the monitor the borough is divided into four key areas. The diagram below illustrates how the borough is split.



Overall Trends – Key Messages

UK Trends

Within 2014 the UK economy grew by 2.6%, the fastest rate seen since 2007. According to reports from Knight Frank, Lambert Smith Hampton, PricewaterhouseCoopers and Savills this is due to increased levels of employment, low interest rates, lower oil prices and falling inflation rates. PricewaterhouseCoopers warn however, that during late-2014 there was a slight slowdown in the growth rate due to problems in the Eurozone and other geopolitical uncertainties.

Despite having the fastest growth rate in the UK since 2007, there have been regional variations; London and the South East have continued to lead the economic recovery, however, ripple effects are being felt outside of the South East. PricewaterhouseCoopers notes that greater regional balance is needed for the future of the UK economy but warns that this should not be at the expense of weakening the London economy and instead suggests that this should be done through building up successful manufacturing and service sector clusters outside of London.

According to reports from Knight and Frank and Savills office demand within London in the last twelve months has reached its highest level since 2008 and that there has been increased confidence outside of London led by UK institutions looking particularly for office space.

The Local Data Company also reports that retail vacancies are at their lowest level for four years (below 14%) but warn of a growing north-south divide with some northern high streets in 2014 falling further into decline. Savills and Knight and Frank both note that improved retail vacancies are most likely to be felt in 'destination' high streets and shopping centres which provide a mixture of shopping, food and entertainment.

Lambert Smith Hampton's Industrial and Logistics report also notes that 2014 saw a marked improvement in take-up within the industrial and logistics sector due to robust economic expansion and the growing demand for distribution space due to expansion in online retail, they predict that within 2015 vacancy rates will return to pre-recession rates.

Borough Trends

- **Employment & Retail Completions** – Within the last twelve months there has been a slight decline in the gross additional completions for employment and retail from 867sqm to 786sqm and there has been a significant net loss of employment and retail floorspace (2,222sqm) predominantly due to recently introduced temporary permitted development rights allowing the change of use of offices to residential accommodation.
- **Extant Employment & Retail Permissions** – Extant and under development permissions could provide an additional 39,648sqm of gross employment and retail floorspace. In particular, they could deliver a net gain of 12,393sqm of retail floorspace due to a number of large-scale regeneration developments in Redhill including the former Liquid and Envy nightclub, Redhill Railway and Sainsbury's redevelopment. Conversely, extant and under development permissions could lead to a 33,985sqm loss of employment floorspace of which 91% is B1(A) floorspace.
- **Development Characteristics** – Extant and under development planning permissions have the potential to cause a considerable, 31,047sqm, net loss of office floorspace. However, in line with saved Local Plan Policy Sh14 no large scale comparison or convenience retail floorspace is permitted outside of the borough's four town centres. Currently, 84% of extant and under development permissions are located within the town centres or local centres which is slightly below Core Strategy Priority CS7 which plans for 95%.
- **Borough Commercial Property Market** – Within the last twelve months there has been a 17% decline in the amount of available commercial property, from 77,357sqm to 63,924sqm

of which the greatest amount is found within Redhill town centre (21,166sqm). As has been the case for the past five years the majority of the available floorspace is office accommodation (48%).

Employment & Retail Development

Completions

Within the last twelve months 786sqm of gross employment and retail floorspace was completed, a slight fall from the 867sqm completed last year. When losses and changes of use are taken into account there is a significant net loss of 2,222sqm of employment and retail floorspace, the majority of which was B1(A) retail due to newly introduced temporary permitted development rights allowing the temporary conversion of commercial accommodation to residential accommodation.

Table 1 below summarises the gains and losses which occurred on developments completed over the past year. It shows that there has been a net gain of A1 retail floorspace(126sqm) due to completions on the former Mitsubishi Garage in Waterhouse Lane, a new pharmacy on Walton Street (Walton-on-the-Hill) and newly enlarged Shell Garage on Brighton Road (Burgh Heath). Together these created 435sqm of additional A1 floorspace. Table 1 also shows a net gain of A3 retail floorspace (105sqm) due to the completion of a café in the newly developed Pavilion in Memorial Park. It also shows a net gain of B1(C) employment floorspace (246sqm) due to the completion of an extension to Drift Bridge Garage.

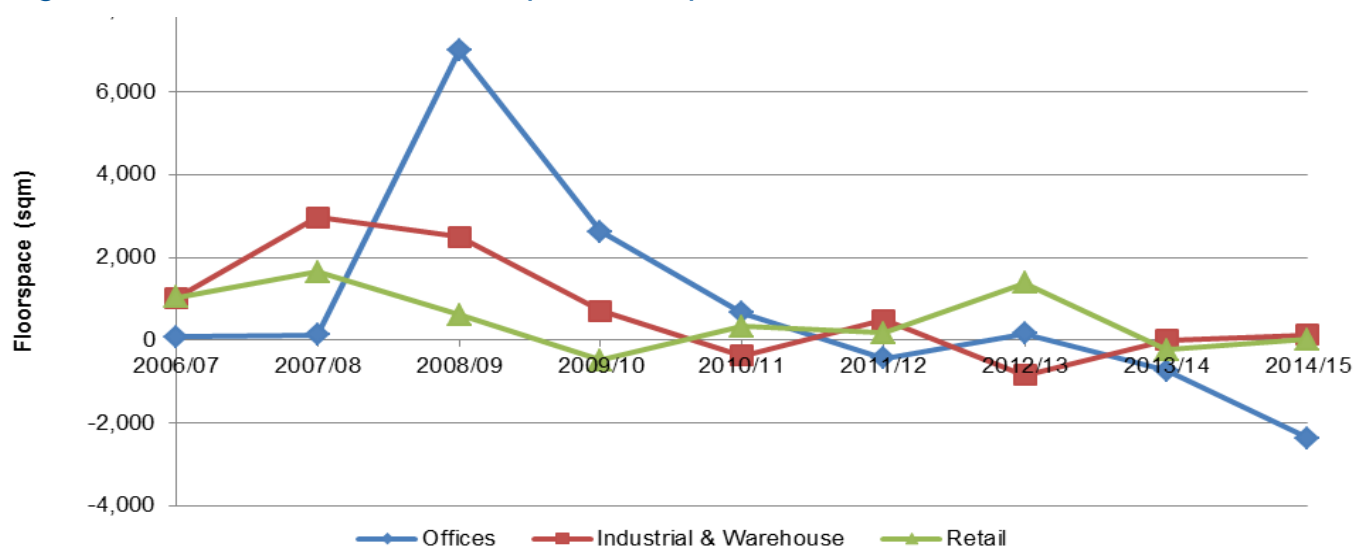
Table 1 Employment & retail completions

2015	Use Class	Gain	Loss	Net
Retail	A1	435	309	126
	A2	0	0	0
	A3	105	0	105
	A4	0	212	-212
	A5	0	0	0
	Total Retail	540	521	19
Employment	B1(A)	0	2,372	-2,372
	B1(B)	0	0	0
	B1(C)	246	0	246
	B2	0	0	0
	B8	0	115	-115
	Total Employment	246	2,487	-2,241

Within the past year there has been a substantial loss of retail and employment floorspace (2,487sqm). The majority of these losses resulted in a net gain in other non-employment floorspace which are not included in the analysis; this includes an additional 2,699sqm of residential floorspace of which 88% is due to temporary permitted development rights; 607sqm of D1 floorspace due to the construction of new parish centres for Holy Family Centre Reigate and St Mary's Church Reigate; and 935sqm of SG floorspace due to the construction of a new car service centre at 6 Trowers Way, Redhill and the change of use of a former retail unit to dental practice at 6 Western Parade, Reigate.

Figure 1 illustrates the net additional floorspace completed each year since 2006. It shows that the the levels of completed office, retail and industrial/warehouse floorspace is considerably below the peak levels reached during 2008/2009. In particular it shows a significant decline for office completions in 2014-2015.

Figure 1 Net additional floorspace completion trend



Extant Developments

Table 2 summarises the use class breakdown of extant developments and developments currently under construction. It shows that a further 39,648sqm of gross additional employment and retail floorspace could be delivered from extant developments or developments currently under construction.

This would lead to a net increase of 12,393sqm of retail floorspace largely from a number of regeneration proposals in Redhill town centre, including the former Liquid and Envy Nightclub, Sainsbury's redevelopment and Redhill Railway Station. These developments alone will result in a net gain of 12,378sqm additional retail floorspace (81% of the total net additional A1 floorspace).

Conversely, the extant developments and developments currently under construction could lead to a net decrease of 33,985sqm employment floorspace. Of this net loss of employment floorspace over 91% is B1(A).

Table 2 Extant employment & retail developments

2015	Use Class	Gain	Loss	Net
Retail	A1	15,257	4,093	11,164
	A2	1,135	448	687
	A3	1,317	619	698
	A4	166	300	-134
	A5	468	490	-22
	Total Retail		18,343	5,950
Employment	B1(A)	7,800	38,847	-31,047
	B1(B)	2,464	56	2,408
	B1(C)	609	2,302	-1,693
	B2	597	5,191	-4,594
	B8	8,076	5,474	2,602
	SG	1,759	3,420	-1,661
	Total Employment		21,305	55,290

The figures for individual use classes in table 2 should be seen as indicative rather than definitive as in some cases developers seek 'open' permissions to allow developments to be occupied for a range of different uses (particularly for some retail and industrial developments).

Figure 2 below shows the extant developments for retail and employment uses by borough area.

Figure 2 Extant developments by borough area

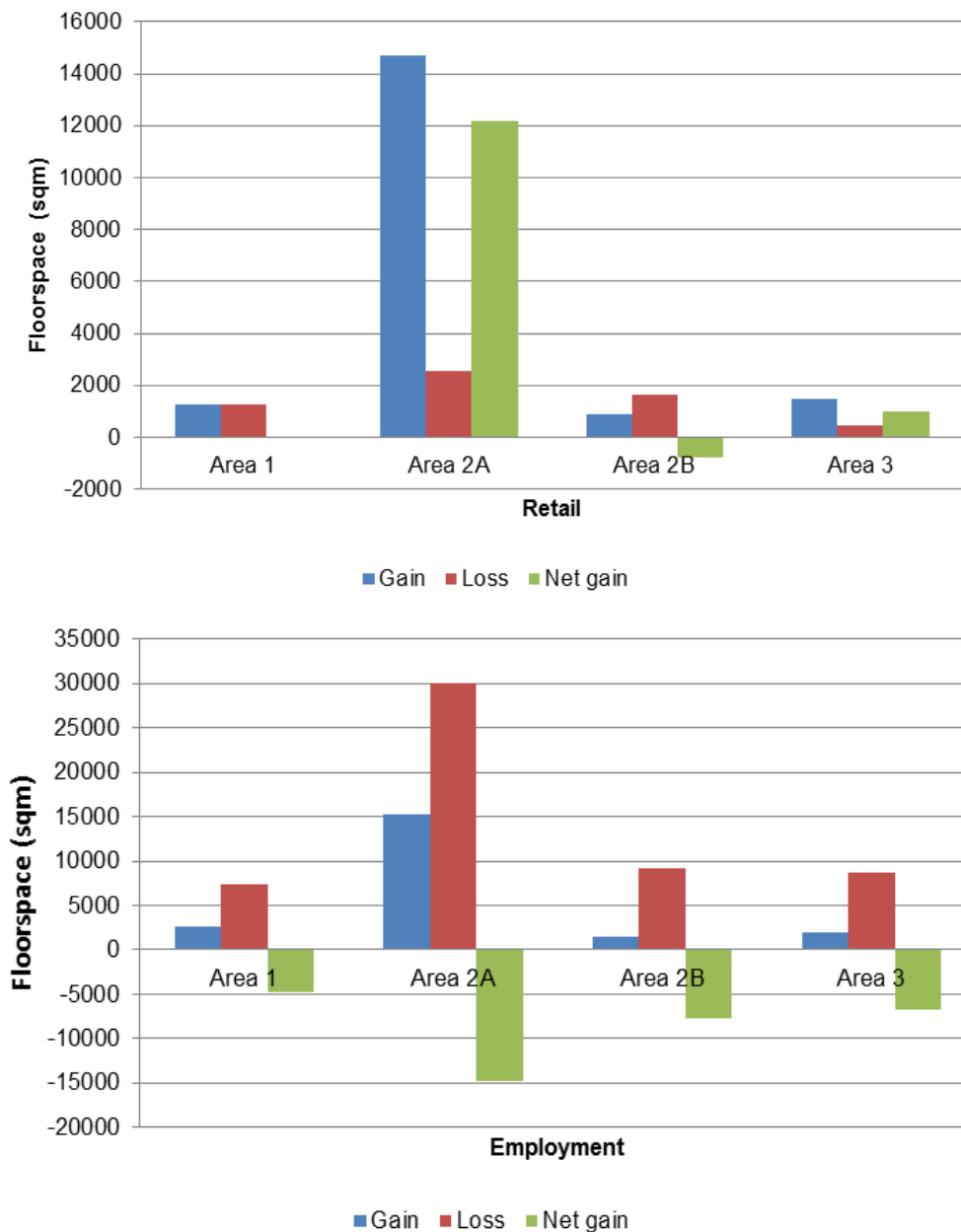


Figure 2 shows that if all the extant and under completion permissions are completed that the majority of net retail and employment floorspace gain and loss would be in Redhill (Area 2a). The net retail gain is predominantly due to planned regeneration works for Redhill (84%). Whilst the net employment loss is predominantly due to the loss of 12,600sqm of office accommodation due to the Sainsbury's redevelopment (44%), changes of use to residential accommodation (33%) also make a significant contribution.

Figure 2 also shows a smaller net gain in retail floorspace for Horley (Area 3). This is predominantly due to new units planned for the former Newman House site (74%), changes of use for example, the partial change of use from B2 to A1 at 18 Gatwick Metro Centre (18%). Conversely, Banstead and Reigate have few permissions that would result in a net gain of additional retail floorspace, with retail applications more commonly focussed on changes of use

Figure 2 also shows a net loss of employment floorspace for all areas of the borough. This is largely due to the impact of the temporary permitted development rights allowing the change of use of vacant offices (B1(A)) to residential (C3).

Development Characteristics

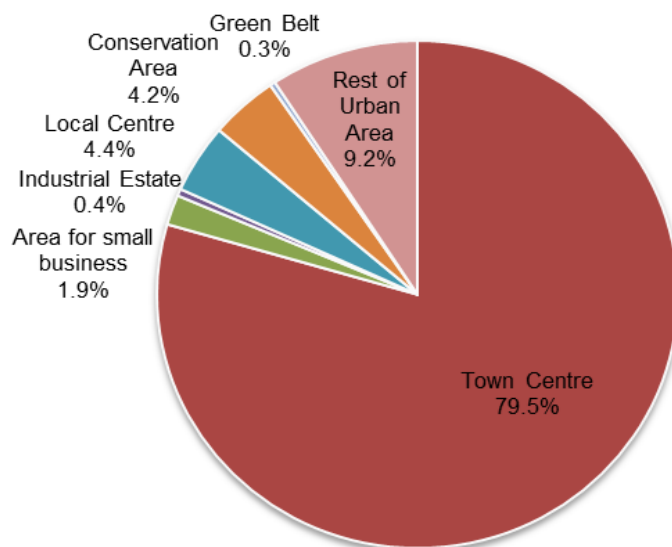
Location

The recently adopted Core Strategy contains policy CS7 which aims to preserve the retail function of the town centres and plans for future retail growth to be located within town centres and local centres. Within the borough extant and under development retail permissions have the potential to deliver 12,393sqm of net additional floorspace.

Figure 3 shows the location of extant and under development retail (A1-A5) floorspace within the borough. It shows that the majority, 84%, are planned for either town centres or local centres (80% in town centres and 4% in local centres). This is in line with saved Local Plan Policy Sh14 which states that no large scale comparison or convenience retail floorspace is permitted outside of the borough's four town centres but is below the Core Strategy Monitoring Target which aims for 95% of future retail development to be located within town centres and local centres.

Figure 3 also shows a planned additional 9.2% of extant and under development permissions planned for undesignated urban areas and a further 1.9% for Areas of Small Businesses, which although not specified locations, often experience small scale retail development.

Figure 3 Location of Extant Retail [A1-A5] Floorspace



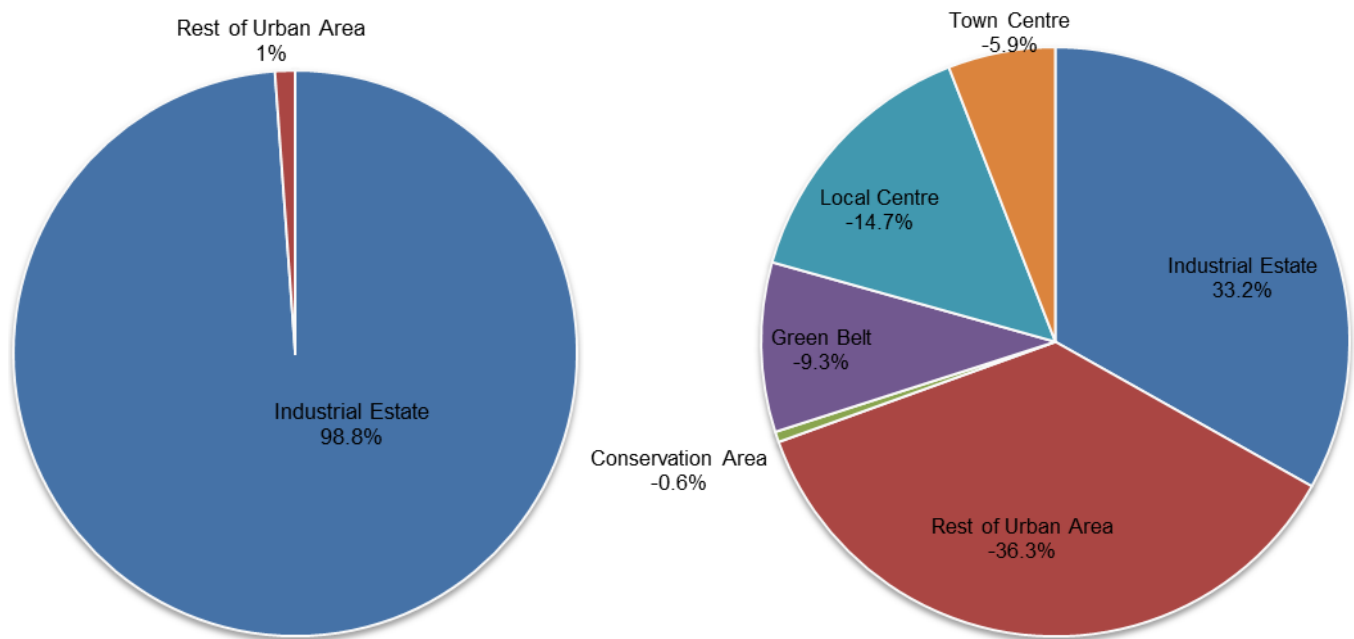
The recently adopted Core Strategy also contains policy CS5 which plans for a range of types and sizes of employment premises to meet the needs of existing, growing and future businesses and provide additional employment floorspace to meet the forecasted growth needs of the borough. It focuses upon retaining and making the best use of employment land within the designated industrial and town centre areas through ensuring that at least 90% of additional B1-B8 employment development is located within town centres and industrial estates and through ensuring that no schemes are permitted which result in a net loss of B1-B8 floorspace in designated employment areas.

Extant and under development planning permissions have the potential to cause a net loss of 1,992sqm of industrial and distribution floorspace. As can be seen in figure 4 this potential net loss is not spread evenly across all areas of the borough as extant and under development planning permissions have the potential to deliver a net increase of floorspace within industrial estates (particularly due to new units and extensions of previous units planned for Wells Place and Holmethorpe). Conversely, figure 4 shows the largest net decrease for the rest of the urban area (36%) and local centres (15%)

Figure 4 shows that 99% of gross extant floorspace is located within the industrial estates, this is in line with Local Plan Policy Em1 and Core Strategy Policy CS5 which says that at least 90% of

additional employment development (B1-B8) should be located within either industrial estates or town centres.

Figure 4 Location of Extant Industrial & Distribution Developments [B2-B8] by Floorspace (Gross Additional and Net)

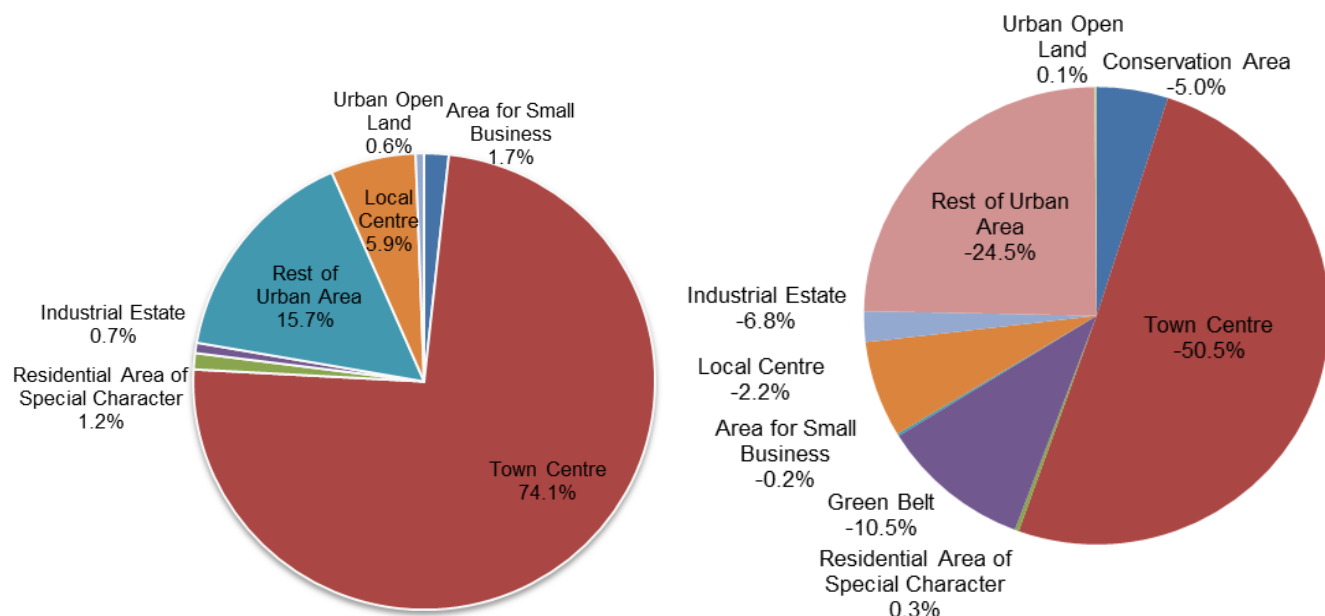


Specifically, within the borough extant and under development planning applications have the potential to deliver a net loss of 31,047sqm of office floorspace. Figure 5 shows both the gross additional and net floorspace of office developments, it shows that the greatest potential gross additional floorspace is located within town centres (71%) but also shows that 75% of the potential net loss is within town centres (51%) and the rest of the urban area (25%).

Of the potential net loss within the town centres 61% is due to redevelopment for other retail and employment uses, most notably the Sainsbury’s development in Redhill, and 39% due to the change of use to residential accommodation (of which 82% is due to temporary permitted development rights). Of the potential net loss within the rest of the urban area 87% is due to a change of use to residential accommodation (of which 32% is due to temporary permissions) and 13% due to a change of use to other retail and employment uses.

Figure 5 also shows a small percentage net loss of office floorspace due to extant and under development applications for industrial estates (6.8%) and local centres (2.2%).

Figure 5 Location of Extant Office Developments [B1(A)] by Floorspace (Gross Additional and Net)



Previously Developed Land (PDL)

In line with Core Strategy Policy CS10 all additional employment and retail floorspace completed in the past year (100%) was on previously developed land.

Car Parking Provision

Currently, Local Plan Policy Mo7 sets maximum parking standards for the various types of commercial development. Moving forward, new parking standards for different types of development will be set out in the DMP.

Table 3 summarises the number of parking spaces per square metre of both outstanding developments and those completed over the past year.

Table 3 Car Parking Spaces on Completed and Extant Developments

Use Class	Completions (2014/15)			Extant Permissions		
	Gross Floorspace	Parking Provision	Average spaces per sqm	Gross Floorspace	Parking Provision	Average spaces per sqm
Retail	540	8	1 per 68sqm	18,343	2,143	1 per 9sqm
Office	-	-	-	7,800	244	1 per 32sqm
Industrial	-	-	-	597	23	1 per 26sqm
Warehouse	-	-	-	8,076	175	1 per 46sqm

Within the last twelve months the average parking provision on completed retail developments has fallen further away from the borough standard of 1 space per 30sqm to 1 space per 68sqm (last year this was 1 space per 60sqm). Similarly to last year this is due to completed retail developments predominantly being local centre based convenience units (3 out of 4 completions) such as the new pharmacy in Walton on the Hill.

For extant and under development applications parking for retail developments remain substantially below the required standard of 1 space per 30sqm due to a number of proposed large scale retail developments in Redhill town centre, including the Sainsbury's supermarket redevelopment. It

should however be noted that a proportion of these car parking spaces will be for town centre use and not simply associated with the Sainsbury's store.

Conversely, extant and under development planning applications for offices are above the required parking standards at 1 space per 32sqm compared to 1 space per 30sqm; for industrial are above the required standards at 1 space per 26sqm compared to 1 space per 30sqm; and warehouse are above the required standards at 1 space per 46sqm compared to a borough standard of 1 space per 70sqm.

Commercial Property Market

Overview

Within the last twelve months, the total amount of floorspace available on the market has fallen from 77,357sqm to 63,924sqm, a 17% decline. This is now significantly below the 2005 figure of 109,280sqm when employment and retail floorspace across the borough reached its highest. Within the last twelve months all four towns have seen a decline in the amount of available floorspace: Reigate has seen the greatest decline (6,179sqm) whilst Redhill has seen the least (659sqm).

The total amount of available retail floorspace has increased by 7% within the last twelve months (4,729sqm to 5,064sqm); whilst available office space has declined by 23% (from 43,780sqm to 33,633sqm) and industrial/warehouse has declined by 13% (from 28,848sqm to 24,957sqm).

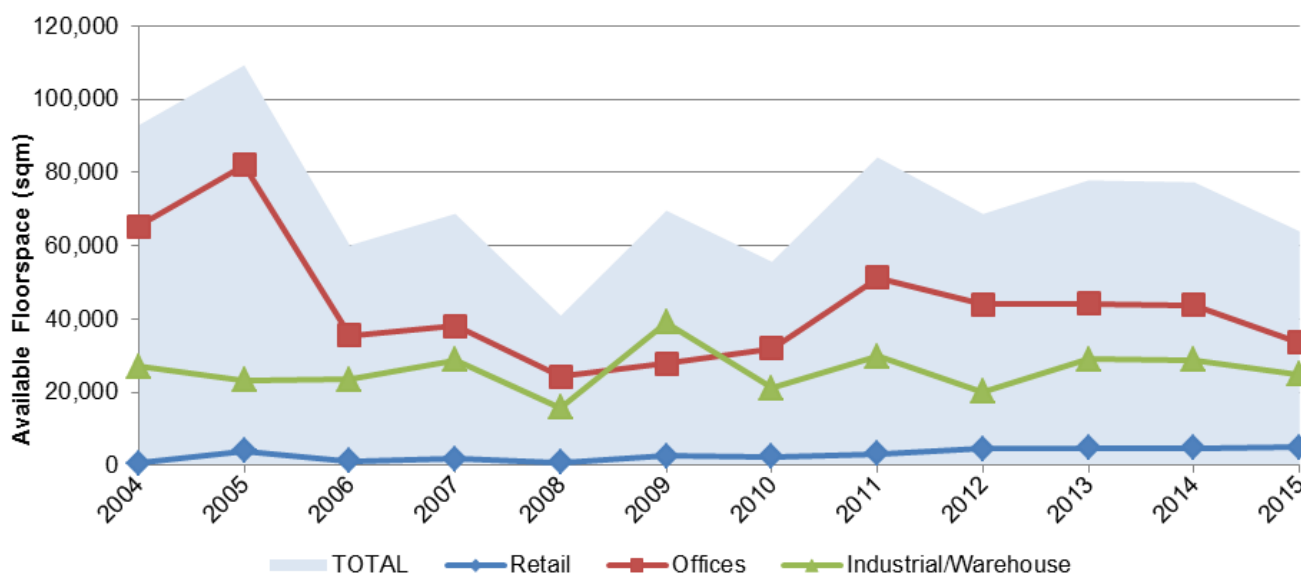
Despite the reduction in the amount of available office floorspace within the borough, as has been the case for the past five years, office floorspace remains the dominant type of available floorspace. Of this available floorspace 51% is found within Redhill town centre and 34% in Reigate town centre. Within the next few years, it is expected that the total amount of available office floorspace will fall due to recently introduced temporary permitted developments allowing the conversion of vacant offices into residential accommodation.

Table 4 Summary of available floorspace (sqm)

	Retail	Office	Industrial/Warehouse	Total
Banstead	564	190	741	1,495
Reigate Town Centre	270	11,452	0	11,722
Rest of Reigate	127	409	0	536
Redhill Town Centre	3,946	17,220	0	21,166
Rest of Redhill	61	1,576	13,058	14,695
Horley Town Centre	96	2,476	0	2,572
Rest of Horley/Salfords	0	310	11,158	11,468
Total	5,064	33,633	24,957	63,924

Figure 6 below shows the available floorspace trend 2004-2015, it shows that available floorspace has declined to 63,924sqm.

Figure 6 Available floorspace trend (2004 – 2015)



Office

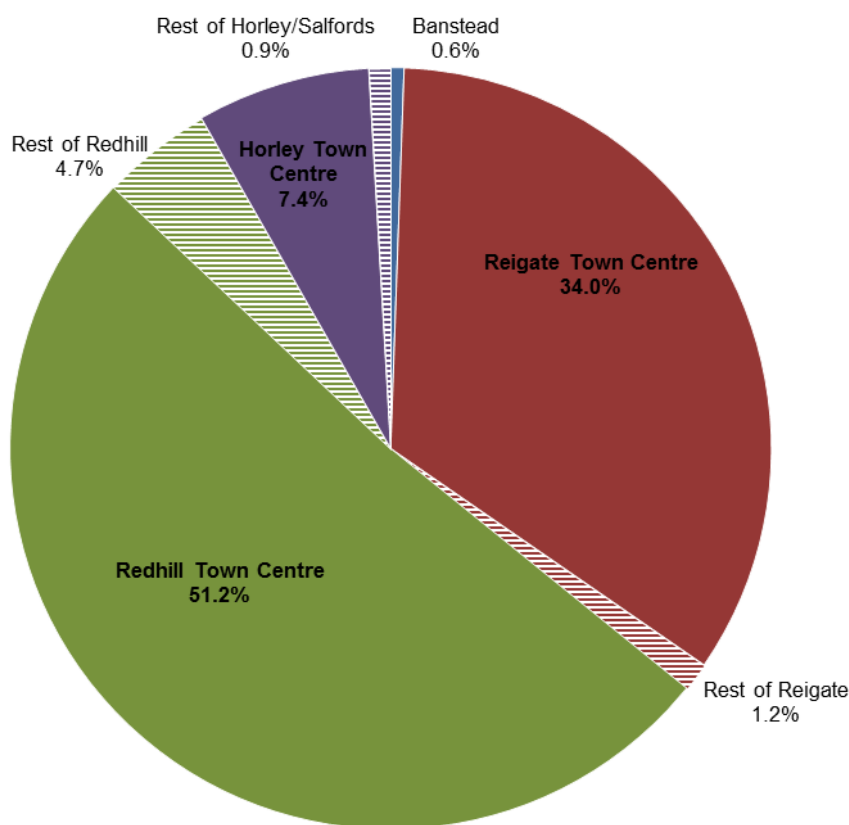
As has been the case for the past five years, the majority of the available floorspace within the borough is office floorspace. Within the last twelve months the amount of available office floorspace has fallen from 43,780sqm to 33,633sqm (23% decline).

Figure 7 shows that 85% of the available office floorspace is found within Redhill town centre (51%) and Reigate town centre (34%). Of this available floorspace the greatest concentration is found within specialised office blocks such as Betchworth House in Redhill and Castle Court in Reigate.

Within the last twelve months both Redhill and Reigate town centres have seen increases in the total amount of available office floorspace. Whilst Reigate town centre has only seen a slight 3% increase in the available floorspace, Redhill has seen a large 21.4% increase, despite a reduction in the number of vacant units, due to increased available floorspace in Betchworth House, Kingsgate House and Redcentral.

Conversely, within the last twelve months Banstead, Horley Town Centre, Rest of Horley, Rest of Reigate and Rest of Redhill have seen declines in the amount of available floorspace. Horley in particular has seen a large decline in the amount of available floorspace (59%) due to a number of office blocks such as Beulah Court which were previously available being converted into residential dwellings.

Figure 7 Geographic breakdown of available office accommodation



Industrial & Distribution

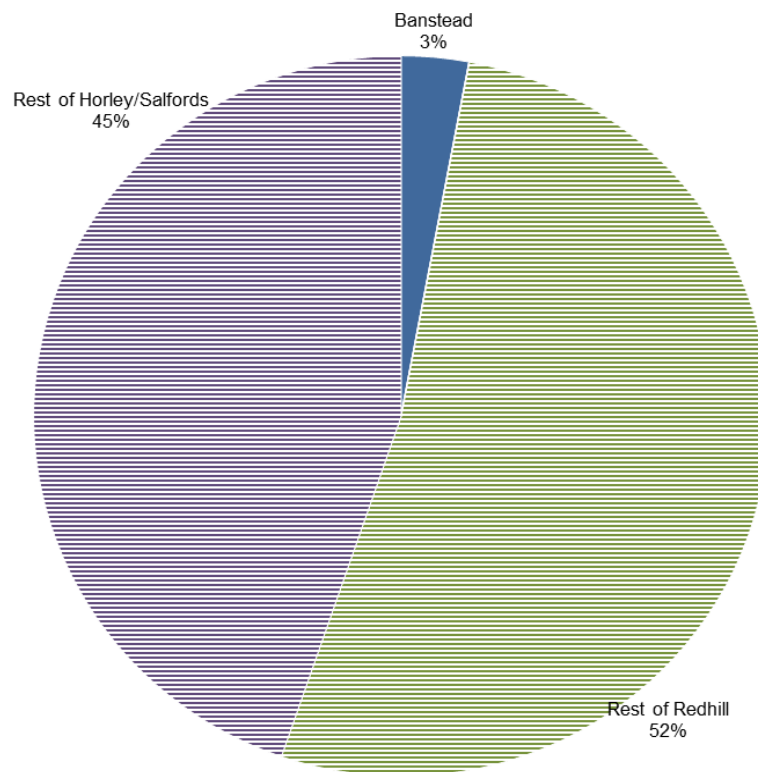
Within the last twelve months the amount of available industrial and distribution floorspace has fallen from 28,848sqm to 24,957sqm – a 14% reduction.

Figure 8 shows that 97% of the available industrial and distribution floorspace is found within the rest of Redhill (52%) and the rest of Horley / Salfords (45%).

Within the last twelve months, there has been a 17% increase in the amount of available industrial and distribution floorspace within the rest of Horley / Salfords due to an increased number of units becoming available, most noticeably within Perrywood and Balcombe Road Industrial Estates and Orchard Business Centre.

Conversely the rest of Redhill has seen a 16% decline in the amount of available floorspace. Within the last twelve months Kingsfield Business Centre, Reading Arch Road and Wells Place have continued to have no vacant units and 12 new occupiers have moved into the Holmethorpe Industrial Estate.

Figure 8 Geographic breakdown of available industrial and distribution accommodation



Retail

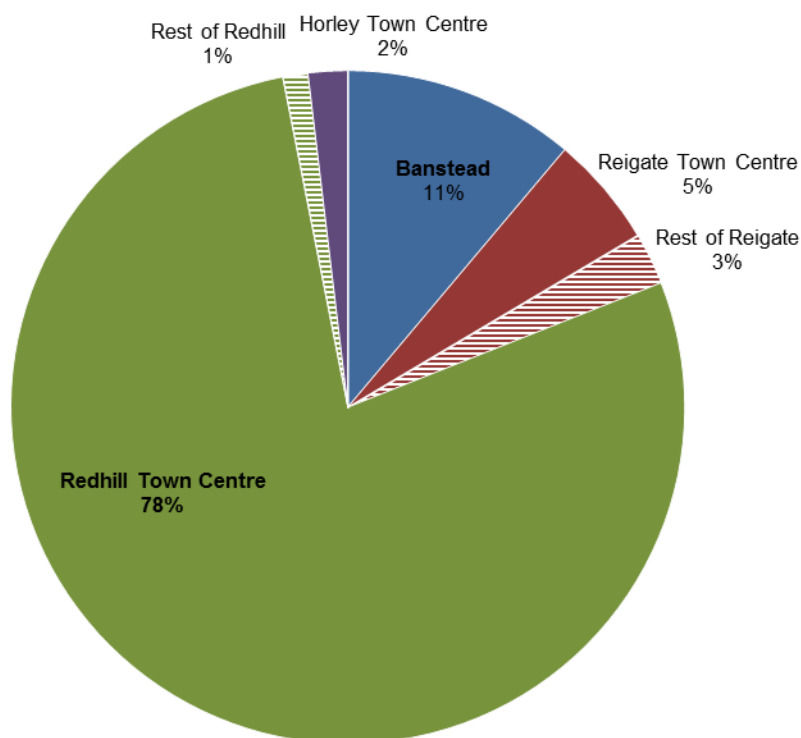
Retail floorspace represents the smallest proportion of total available floorspace, within the last twelve months the amount of retail floorspace has increased from 4,729sqm to 5,064sqm – a 7% increase.

As can be seen from Figure 8, 78% of the available retail floorspace is in Redhill town centre, of which the majority is found within the Belfry Shopping Centre (58%).

Within the last twelve months, Redhill town centre has seen a 33% increase in the amount of available retail floorspace (from 2,973sqm to 3,946sqm) and Banstead has seen a 28% increase (from 439sqm to 564sqm) due to an increased number of units available.

Conversely, there has been a decline in the amount of available floorspace within Horley town centre (78%), the rest of Redhill (69%), Reigate town centre (46%) and the rest of Reigate (30%) due to a decline in the number of available units.

Figure 8 Geographic breakdown of available retail accommodation



Appendices

Use Classes Order

Use Class	Description of Use/Development	Permitted Change
A1	Shops, retail warehouses, hairdressers, travel agents, post offices, sandwich bars, Internet cafes, showrooms, domestic hire shops, undertakers and dry cleaners.	No permitted change
A2	Banks, building societies, estate agents, professional and financial services.	A1
A3	Restaurants and cafés.	A1 or A2
A4	Drinking Establishments.	A1, A2 or A3
A5	Hot Food Takeaways.	A1, A2 or A3
B1(A)	Use as an office other than a use within Class A2 (financial and professional services).	
B1(B)	Use for research and development, studios, laboratories, high technology.	B8 (where no more than 235 sq.m.)
B1(C)	Use for any industrial process that can be carried out in a residential area without detriment to amenity.	
B2	Use for the carrying on of an industrial process other than one falling in B1(C) above.	B1 or B8 (B8 limited to 235 sq.m.)
B8	Use for Storage or Distribution.	B1 (where no more than 235 sq.m.)
C1	Use as a hotel, boarding house or guesthouse where no significant element of care is provided	No permitted change
C2	Residential institution such as a nursing home or residential school.	No permitted change
C3	Use as a dwelling house, whether or not as a sole or main residence.	No permitted change
D1	Non-Residential Institutions.	No permitted change
D2	Use for Assembly and Leisure.	No permitted change
SG	Sui Generis - falls outside all other categories. Permission is required to change to or from such a use.	No permitted change

Temporary permitted development rights have been introduced in respect of a number of potential changes of use between A1, A2, A3, A4, A5, B1, D1 and D2 uses. These rights permit the use to change for a maximum period of two years and subject to a floorspace threshold of 150qm.

Permitted development rights to allow the change of use from A1/A2 to C3 (residential) have also been introduced. These rights are subject to a prior approval process to ensure that the proposed change would not result in inadequate provision of A1 or A2 services or harm the sustainability of a shopping area. Floorspace is limited to 150sqm.

Permitted developer rights also exist, until May 2016, for the change of use from B1(a) to C3 (residential) subject to a prior approval process.

Monitoring Publications

Regular Monitors:

Commercial Development

Contains the amounts, types and location of all commercial commitments i.e. premises with outstanding planning permissions or vacant floorspace (Annual)

Industrial Estates

Contains an analysis of occupational trends in the Borough's nine main Industrial Estates including a schedule of occupiers (Annual)

Local Centres

Provides information on retail provision in the Borough's eighteen local shopping centres (Annual)

Town centres

Provides information on the occupiers, together with vacancies and shop type of all premises within the Borough's four Town and Village Centres (Bi-annual)

Population and Demographic Information

These publications are available on the Council website:

<http://www.reigate-banstead.gov.uk>

Search for: "*monitors*":

For further information on the content or other planning policy monitoring, please contact:

Planning Policy Team

Tel: 01737 276000

Email: LDF@reigate-banstead.gov.uk